

ATTACHMENT A

OBRA '87 Topic: Requirements Relating to Provision of Services

Primary Impact on: Nursing Facility

OBRA '87 Requirement

State Requirement

Fiscal Impact

Required Training of Nurse Aides

Within first 4 months of employment, nurse aide must:

- complete a state-approved training and competency evaluation program
- be determined competent

Nurse aides employed as of July 1, 1989, must complete training and competency evaluation by January 1, 1990.

Training required for aides who have not performed nursing-related services for a 24-month period.

NF to provide regular in-service education.

NF must query state nurse aide registry to determine competency prior to employing aides.

[Sec 1919(b)(5)(B)]

No previous State requirement.

Significant fiscal impact (See detailed worksheet, Attachment C)

Portion of aide training expenses covered under Section 4.19D of the State Plan which is considered to be medical assistance.

Continuing education total: \$558,196 (see Attachment C for calculations and estimates).

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ATTACHMENT A

OBRA '87 Topic: Requirements Relating to Residents' Rights

Primary Impact on: Nursing Facility

OBRA '87 Requirement

State Requirement

Fiscal Impact

Equal Access to Quality Care

NF must maintain identical policies and practices regarding transfer, discharge and covered Medicaid services for all individuals regardless of payment source.

This requirement must be detailed in the Medicaid State plan.

Not a previous State requirement.

While not a previous State requirement, the State does not believe this will incur a significant impact beyond the level of effort currently incurred by NFs or if there is a fiscal impact, it is confined to documenting a transfer or a discharge has been completed in accordance with the new standards. The State believes these document requirements will be satisfied when the NF completes the resident assessment on residents upon transfer or discharge the resident assessment task has been found to cost more and has been included in the "add-on" payment calculation.

Based upon State surveyor knowledge of provision of care in Colorado, NFs equal access to quality of care has been provided to non-Medicaid residents.

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ATTACHMENT A

OBRA '87 Topic: Requirements Relating to Residents' Rights

Primary Impact on: Nursing Facility

<u>OBRA '87 Requirement</u>	<u>State Requirement</u>	<u>Fiscal Impact</u>
<u>Protection of Resident Funds</u>		
NF may not require residents to deposit personal funds with the facility.	Previous State requirement.	There will be a slight fiscal impact to the bookkeeping operation due to the \$50.00 rule. Amount of fiscal impact should be less than \$50,000 per year.
NF must, if it accepts the written authorization to manage and account for personal funds:	Generally speaking, State requirements covered these OBRA '87 requirements in most areas. However, the requirement that all amounts of \$50.00 or more be deposited in an interest bearing account and credit the interest to the individual's account may require additional bookkeeping, as most homes currently place all personal needs money into one personal needs account. Generally speaking, no provisions are made to keep accounts with less than \$50.00 segregated from the other personal needs accounts.	\$50,000 X 65% Medicaid residents = \$32,500.
<ul style="list-style-type: none"> • Deposit all amounts \$50 and over in an interest-bearing account separate from the facility's operating account. • Credit interest to the separate account. Maintain other personal funds in a non-interest bearing account or petty cash fund. • Keep separate accounting for each resident's personal funds and make the written records accessible to residents. • Upon death of resident, promptly convey personal funds and final accounting to administrator of resident's estate. 		As stated, the State has had very extensive regulations governing the administration of personnel needs funds. The only difference in the OBRA '87 regulations is the \$50.00 interest bearing provision. The State does not foresee NFs having extra staff or incurring additional time to meet this requirement. However, the State does foresee a small new level of effort for the start up activities to meet the new requirement. Start up would involve changing existing accounting procedures. Some NFs may expend small amounts of money in this training, reformatting activities. While it is very difficult to estimate a cost for this item, it seems reasonable to assume no more than 15 hours per NF at a cost of \$10 per professional accounting time would be sufficient for this task.

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Total Attachment A Costs in Period July 1990 to June 1991

Quality of Life	\$ 486,172
Resident Assessments	795,000
24 Hour Nursing	183,660
Aides Training	2,025,242
Specified Rights	260,000
Resident Funds	32,500
TOTAL	\$3,782,574

Patient days October 1, 1990 - June 30, 1991 = 2,790,688

Add-on Rate = \$1.35

Total Attachment A Costs Which is Medical Assistance

Quality of Life	\$ 486,172
Resident Assessments	795,600
24 Hour Nursing	183,660
Aides Training	558,196
Specified Rights	260,000
Resident Funds	32,500
TOTAL	\$2,316,128

Patient days October 1, 1990 - June 31, 1991 = 2,790,688

Medical Assistance costs per day = .83 cents per day

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ATTACHMENT B

Detailed Analysis on Resident Assessment

Assumption #1

Effective October 1, 1990, OBRA 87 requires all residents be assessed each quarter.

Assumption #2

Nursing facilities assess residents under current practice and regulations. Much of the costs have been incurred by nursing facilities. However, the Department estimates that each assessment will require an additional 1.5 hours of nursing time to complete the assessment.

Assumption #3

There are currently 10,000 Medicaid residents. This 10,000 person enrollment is generally steady throughout the year. During any year, it is reasonable to expect nursing facilities to complete 10,000 Medicaid assessments, including admissions, transfers, quarterly reviews, etc.

Assumption #4

The average hourly costs of an RN with fringe benefits is 17.68.

Calculation

10,000	Medicaid residents
X 4	Assessments per year
40,000	Assessments
X 1.5	hours per assessment
60,000	hours
X 17.68	costs per hour
\$1,060,800	
X .75	% Nine months of assessments in the July 1990 to June 1991 year
\$ 795,600	

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ATTACHMENT Ctailed worksheet for required training of nurses aides.

Federal law and instruction allows aide training expenses associated with continuing education of nurse aides to be claimed by the states as medical assistance and as such is covered by State Plan TN 90-10. The training and certification of new aides is considered to be Medicaid administration. These figures provide detail on these two categories of costs. The costs in State Fiscal Year 1990 have already been "passed-through" to the nursing facilities in June 1990, the actual amount paid is presented in this report. The costs in State Fiscal Year 1991 are an estimate of the portion of the rate add-on the providers have received in State Fiscal Year 1991 beginning with dates of service after October 1, 1990.

Assumption #1:

The most recent figures from the Colorado Department of Regulatory Agencies (which administers the aide training certification responsibility in Colorado) show there are 7,000 nursing home aides.

Assumption #2:

There is a 50% turnover in aides per year. Each newly hired aide would need to receive 75 hours of training. Since some new aides recently received 75 hours of aide training, they would not be subject to the continuing education requirements until they are at least in their second quarter of employment. We assume that only 65% of total 3,000 aides would need continuing education a year due to the 50% turnover rate.

Assumption #3:

Aides in nursing facilities would need to complete their continuing education during the period when they are not working in the nursing facilities. Such overtime activity would cause many aides to be paid time and one-half. According to Department statistics, time and one-half would be approximately \$6.48 in the July 1989 to June 1990 period and \$7.01 in the July 1990 to June 1991 period.

Assumption #4:

Nursing facilities began the continuing education process in January 1990 as originally required by HCFA.

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ATTACHMENT C

I. Aide training certification and continuing education costs for the July 1, 1989 to June 30, 1990 period.

Total Medicaid "pass-through" expenditures to date: \$2,419,299

These pass-through payments were based on the requests submitted by providers during this period. The Department is in the process of auditing these requests to actual costs. When the providers submitted their requests, a break down between aide training and continuing education costs was not established. The audits will provide this break down. The Department estimates the following amounts were expended in the following categories:

Aide Training and certification:	2,148,421.00 (i.e., Medicaid administration)
Continuing Education:	<u>270,878.00</u> (i.e., Medicaid assistance)
Total:	2,419,299.00

The basis for the Department's estimates for continuing education are as follows:

1. Salary Costs

7,000 Total aides

X 65% Aides needing continuing education

4,550 Aides needing 24 hours continuing education a year

4,550 aides X 12 hours training* X \$6.84/hour = \$373,646

2. Training Time

150 classes (with 30 aides per class) X 24 hours X \$12/hour = \$43,272

3. Total

373,646

+ 43,272

416,736

X 65% Medicaid residents

\$270,878

*Twelve hours of training time is specified here instead of 24 hours because the continuing education would have only been provided from January 1, 1990 through June 30, 1990

II. Aide training certification and continuing education costs for the July 1, 1990 to June 30, 1991 period.

The State is providing a rate "add-on" payment of \$1.20 beginning with dates of service beginning October 1, 1990. This rate "add-on" payment covers many new cost categories besides aide training. The Department provides a breakdown of the aide training expenses as follows:

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ATTACHMENT C

Aide Training and Certification

1. Initial Training Total: 1,467,046 (i.e., Medicaid administration)

3,500 new aides X 75 hours X \$4.21/hour = \$1,105,125

Training the Trainer

Two RNs per nursing facility X 183 homes X 445 per RN = \$162,870

Supplies and Materials

3,500 new aides X \$25/aide = \$87,500

Training Time

1,000 classes X 75 hours X \$12.00/training hour = \$901,500

TOTAL:

\$1,105,125

162,870

87,500

901,500

\$2,256,995

X 65% Medicaid share of residents

\$1,467,046

2. Continuing Education Total: \$558,196 (i.e., Medical assistance)

Salary Costs

7,000 total aides

X 65% Aides will need continuing education

4,550 aides needing 24 hours continuing education a year

4,550 aides X 24 hours training X \$7.01/hour = \$765,492

Training Costs

150 classes (with 30 aides per class) X 24 hours X \$12.00/hour = \$93,232

TOTAL:

\$765,492

+93,232

\$858,764

X 65% Medicaid share of residents

\$558,196

3. Total amount of the \$1.20 rate add-on associated with aide training:

\$1,467,046 Training and certification

+ 558,196 Continuing education

\$2,025,242

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Amount of the 17 cents in revenue established
to be Medicaid Administration and Medical Assistance.

The 17 cents is expected to be paid during the
October 1, 1990 to June 30, 1991 period.

Estimate 7/1/88 - 6/30/90

Total Aide Training and Certification costs:
 Aide Training and Certification
 Continuing Education

2,419,299.00
 2,148,921.00 = Medicaid Administration
 270,868.00 = Medical Assistance

The 17 cents in revenue for the 10/1/90 to 6/30/91 period is based on the OBRA'87 costs described above.

The portion of the 17 cent which relates to Medicaid Administration is 15.1 cents ($2,148,421.00 \div 89\%$. 89% of 17 cents is 15.1 cents).

The portion of the 17 cents which relates to Medical Assistance is 1.9 cents ($270,878 \div 11\%$. 11% of 17 cents is 1.9 cents).

ATTACHMENT D

Costs of services required to attain or maintain the highest practicable physical, mental and psychosocial well-being of each resident for benefits.

The rate add-on analysis provided in Attachments A, B and C indicates an expectation that nursing facilities will need to increase their staffing levels to meet the OBRA '87 requirements. Specifically all nursing facilities are expected to increase their social work staff on average by 25 percent of a Full Time Employee. Facilities are also expected to increase their nursing staff to complete the MDS/resident assessment and related requirements.

An additional program to promote care and treatment of the psychosocial needs of the Medicaid residents in Colorado nursing facilities includes a mental health initiative which was expected to cost \$2.8 million for the period of July 1, 1990, through June 30, 1991. This program is based on the results of the PASARR examination of the residents in Colorado facilities exhibiting evidence of mental illness. Over 2,300 PASARR reviews were completed in the last year. The PASARR exam, in addition to indicating the need for nursing facility placement, also identified the mental health needs of the residents. These exams indicated that 800 residents were in need of various forms of mental health treatments to meet their psychosocial needs.

On the basis of the needs identified in the PASARR process, a special mental health treatment program provided by the mental health professionals in the employ of local mental health clinics will be delivered to these residents. This program will provide therapies, treatments and in-house training to nursing facility staff to meet the psychosocial needs of these residents.

This program will be reimbursed by Medicaid through the rehabilitation option. Medicaid payments will go directly to the mental health clinics who will be directly treating the nursing facility residents. Since this payment methodology is not included in the rate add-on it is not included in State Plan TN 90-10. However, this \$2.8 million initiative which is in direct response to the OBRA '87 reforms should, when combined with the provision of State Plan TN 90-10 which includes a interim rate add on payment of \$1.37 (see page 4 of CDSS 2/21/91 letter) as well as retrospective adjustment to actual cost, meet the psychosocial needs of nursing facility residents.

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